

# MEMORANDUM

To: Blue Ribbon Commission on Tax Reform

From: Staff

Re: Update on Actions Taken by Commission – Removed from Consideration

Date: December 5, 2012

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Dear Commission, below see the tax reform proposals on which the Commission has voted to remove from consideration:

## **Individual Income taxes**

Proposal # 3: Create a tax credit for families that homeschool

Proposal # 5: Eliminate state income taxes for anyone not required to file a federal form

## **Corporate income taxes**

Proposal # 13: Allow companies that are approved for state corporate tax credits under the state's incentive programs to sell those credits on the market to other companies that can utilize them to offset their state corporate tax liability

Proposal # 15: Create a tax credit for businesses that support private and public schools

Proposal # 16: Eliminate capital gains tax for any early stage company that is headquartered in Kentucky

Proposal # 20: Replace the Corporate Income Tax and LLET with a Gross Receipts tax or with some other sources of revenue

Proposal # 21: Require combined reporting for corporations

Proposal # 22: Review tax incentives or loopholes for the coal industry

Proposal # 26: Change the definition of taxable business income to mean "all income which is apportionable under the Constitution of the United States"

Proposal # 27: Repeal the LLET on businesses experiencing a net loss

Proposal # 28: Exempt business-to-business transactions, including the purchases of business inputs used for the manufacture of goods

## **Sales and excise taxes**

Proposal # 32: Charge sales tax only on materials used to build a manufactured home, or 50 percent of the retail cost

Proposal # 33: Exempt business purchases of utility services

Proposal # 35: Extend sales tax to the auction price of a thoroughbred horse

Proposal # 36: Remove the sales tax from livestock antibiotics

Proposal # 37: Implement a back-to-school sales tax holiday

Proposal # 39: Impose a gross receipts tax of up to 3 percent for residential utilities

Proposal # 40: Impose a sales tax on food for consumption at home

Proposal # 43: Raise the sales tax

### **Road Fund Issues**

Proposal # 70: Modify the index in the gas tax rate to tie it to the inflation rate of transportation infrastructure construction costs

### **Property Taxes**

Proposal # 47: Allow school districts to maintain the current property tax assessment rate even when the new assessment surpasses the four percent cap

Proposal # 49: Eliminate personal property taxation

Proposal # 52: Increase funding for PVA offices, or create a dedicated funding stream for PVA offices

Proposal # 53: Make private, nonprofit industrial development corporations in purchasing and developing land for business attraction, job creation and capital investment exempt from ad valorem taxes on their real estate holdings

Proposal # 54: Remove the property tax from aviation

Proposal # 57: Amend the Constitution to eliminate the homestead exemption for those over 65 while putting in place a statutory means-tested property tax circuit breaker for those over 65

### **Severance Taxes**

Proposal # 60: Raise the rate on the Coal Severance Tax

### **Other Taxes/Issues**

Proposal # 62: Eliminate Tax Increment Financing programs (TIFs)

Proposal # 63: Establish a Kentucky estate tax with modest exemption limits

Proposal # 66: Broaden the hospital provider tax to include doctors

### **Local Taxation Issues**

Proposal # 71: Allow all classes of local governments to have a local option food and beverage tax

Proposal # 73: Switch to a statewide restaurant tax of one percent instead of localities having different restaurant taxes

Proposal # 74: Allow single sales factor apportionment as a defined option to the city/county business tax calculation

Proposal # 75: Eliminate or limit (1%) occupational tax for counties less than 30,000

### **Simplicity, Compliance and Tax Administration**

Proposal # 80: Create a uniform occupational tax statewide form

Proposal # 84: Eliminate the requirement forcing taxpayers to file a bond prior to appeal to Circuit Court. Extend the number of days to protest an assessment to at least 60 days and preferably 90 days

Proposal # 87: Make LLC members personally responsible for all taxes & make corporate officers personally liable for motor vehicle usage tax

Proposal # 90: Sales tax successor liability to enhance the Department of Revenue's collection efforts

Proposal #96: Eliminate the estate tax